

## Message Text

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UNCLAS STATE 104947 TOSEC 040094

FOR HODDING CARTER FROM S/PRS - FRED BROWN

E.O. 11652: M/A

TAGS: SOPN, OVIP (VANCE, CYRUS R.)

SUBJECT: PRESS REPORTS: SATURDAY'S SUMMIT SESSIONS

NO. 11

1. HERewith ENTIRE TEXT OF ARTICLE BY R.W. APPLE, JR.,  
APPEARING IN MAY 8 NEW YORK TIMES HEADLINED "SEVEN LEADERS  
IN LONDON SEE UNEMPLOYMENT AS THE NO. 1 PROBLEM; COOPERATION  
IS EMPHASIZED; SUMMIT TALKS ALSO COVER ENERGY AND NUCLEAR  
POLICY, ON WHICH DISAGREEMENT IS HINTED."

2. BEGIN TEXT:

LONDON, MAY 7--LEADERS OF THE SEVEN MAJOR INDUSTRIALIZED  
DEMOCRACIES REACHED BROAD AGREEMENT TODAY ON THE STATE OF  
THE WORLD'S ECONOMY, CONCLUDING THAT UNEMPLOYMENT IS THE  
MOST IMPORTANT PROBLEM THAT THEY MUST OVERCOME.

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MENT WAS RECEIVING PARTICULAR ATTENTION.

A SUNNY MOOD TO MATCH THE SUNNY DAY WAS REPORTED IN THE

STATE DINING ROOM AT 10 DOWNING STREET, WHERE THE LEADERS HELD TWO MEETINGS. NO CONFRONTATIONS WERE REPORTED. PRESIDENT CARTER AND CHANCELLOR HELMUT SCHMIDT OF WEST GERMANY, HAVING PATCHED UP THEIR PERSONAL DIFFERENCES, IF NOT THEIR DIFFERENCES ON NUCLEAR POLICY, DURING AN EARLIER CONVERSATION, WERE SAID TO BE CONGENIAL.

THE ATMOSPHERE OF OPTIMISM AND COOPERATION WAS UNDERLINED BY THE SEVEN LEADERS' IMPROMPTU STROLL THROUGH THE WEEPING WILLOWS IN ST. JAMES'S PARK, AN IDYLIC ROYAL RESERVE THAT LIES BETWEEN THE PRIME MINISTER'S RESIDENCE AND LANCASTER HOUSE, WHERE THEY HAD LUNCH.

THE SECOND SESSION, IN THE AFTERNOON, WAS OCCUPIED PRIMARILY BY A DISCUSSION OF ENERGY AND NUCLEAR POLICY, AND THE SESSION WAS ADJOURNED WITH THE DISCUSSION INCOMPLETE. THAT FACT, PLUS THE REFUSAL OF SPOKESMEN TO SUPPLY ANY DETAILS, INDICATED THAT THE LEADERS MAY HAVE DISAGREED ON IMPORTANT POINTS.

SECRETARY OF THE TREASURY W. MICHAEL BLUMENTHAL REFUSED TO SAY WHETHER THERE HAD BEEN ANY ATTEMPT TO FORMULATE GUIDELINES COVERING THE EXPORT OF NUCLEAR TECHNOLOGY. HE REFUSED EVEN TO SAY WHETHER MR. CARTER HAD STUCK TO HIS PREVIOUS POSITION ON STEMMING THE SPREAD OF SUCH TECHNOLOGY THAT CAN BE USED FOR WEAPONS PRODUCTION, A POSITION THAT HAS CAUSED CONSIDERABLE CONSTERNATION IN WEST GERMANY, BRITAIN AND JAPAN.

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"ABOUT ALL I CAN SAY TO YOU," MR. BLUMENTHAL TOLD REPORTERS "IS THAT IT WAS A FREE AND FAR-RANGING AND FRANK DISCUSSION IN WHICH ALL THE VARIOUS PROBLEMS WERE AIRED, AND I THINK I CAN SAY THAT THE HEADS OF THE VARIOUS GOVERNMENTS FEEL SATISFIED THAT THEY MADE PROGRESS AND UNDERSTANDING."

MR. BLUMENTHAL'S CAREFUL COMMENT CONTRASTED SHARPLY WITH THE EFFERVESCENT REMARKS MADE EARLIER BY OFFICIALS OF THE SEVEN NATIONS--THE UNITED STATES, BRITAIN, WEST GERMANY, FRANCE, JAPAN, ITALY AND CANADA--THAT ARE REPRESENTED AT THIS ECONOMIC SUMMIT CONFERENCE.

PRESIDENT CARTER DESCRIBED THE TALKS AS "GREAT, EXCELLENT, VERY GOOD." PRIME MINISTER PIERRE ELLIOTT TRUDEAU OF CANADA COMMENTED THAT ALL OF THE LEADERS WERE "ON THE SAME WAVELENGTH," AND DAVID OWEN, THE BRITISH FOREIGN SECRETARY, CHARACTERIZED THE MORNING MEETING AS "GOOD FUN AND ENJOYABLE."

ONE OF THE KEY PROVISIONS OF THE ECONOMIC AGREEMENT, AMERICAN AND BRITISH SPOKESMEN SAID, WAS THAT THE STRONGEST COUNTRIES IN THE GROUP--THE UNITED STATES, JAPAN, AND WEST GERMANY--WOULD STRIVE TO INCREASE EMPLOYMENT BY REACHING THE GOALS FOR INTERNAL GROWTH THEY HAVE SET FOR THEMSELVES.

IN ADDITION, OFFICIALS OF THE NATIONS SAID, THERE WAS GENERAL AGREEMENT THAT NEW TARIFF BARRIERS SHOULD BE AVOIDED EVEN THOUGH THE WEST IS STILL IN ECONOMIC DIFFICULTY DESPITE THE RECENT SIGNS OF AN EMERGENCE FROM RECESSION.

PRIME MINISTER JAMES CALLAGHAN OF BRITAIN ARGUED STRONGLY THAT THE 15 MILLION UNEMPLOYED PEOPLE IN THE INDUSTRIALIZED WESTERN NATIONS CONSTITUTED NOT ONLY AN ECONOMIC BUT A POLITICAL DANGER. HE EMPHASIZED, AS HE HAS BEFORE, THAT UNEMPLOYMENT AMONG THE YOUNG WAS PARTICULARLY TROUBLESOME.

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HIS POINTS GAINED GENERAL APPROVAL AND FORMED THE CORE OF THE MORNING DISCUSSION. THERE WAS AGREEMENT THAT IF THE THREE ECONOMICALLY STRONGEST NATIONS FOUND THAT THEIR GROWTH TARGETS--6.7 PERCENT FOR JAPAN, 5.8 TO 6 PERCENT FOR WEST GERMANY--WERE BEYOND THEIR REACH, ANOTHER SUMMIT MEETING MIGHT WELL BE NEEDED IN THE FALL TO CONSIDER WHAT REMEDIES WERE AVAILABLE.

BY ALL ACCOUNTS, THERE WAS NO PRESSURE FROM THE OTHER FOUR NATIONS ON JAPAN, THE UNITED STATES AND GERMANY TO EXPAND FASTER THAN THEIR OWN ECONOMIC PLANNERS THINK WISE.

ANOTHER MAJOR ECONOMIC TOPIC WAS THE PROBLEM OF THE VAST FINANCIAL SURPLUSES BEING GENERATED IN THE OIL-PRODUCING STATES, WHICH THE BRITISH ESTIMATE AT DOLLARS 45 BILLION. IT WAS AGREED ACCORDING TO THE OFFICIALS WHO BRIEFED REPORTERS, THAT A MORE EQUITABLE MEANS OF DEALING WITH THE PROBLEM MUST BE FOUND, BUT THERE WERE NO SPECIFICS.

AS POLITICIANS, ALL OF THE LEADERS ARE EAGER TO PRODUCE A FINAL COMMUNIQUE THAT WILL EXPLAIN TO THEIR CONSTITUENTS IN SIMPLE, CONCRETE TERMS WHAT THEY ARE GOING TO DO TO CREATE JOBS. SO THEY INSTRUCTED THEIR AIDES TO SET TO WORK IMMEDIATELY ON DRAFTING SUCH LANGUAGE.

DURING THE AFTERNOON SESSION THERE WAS A RELATIVELY BRIEF DISCUSSION OF PRESIDENT CARTER'S STAND ON HUMAN RIGHTS IN ADDITION TO THE APPARENTLY DIFFICULT EXPLORATION OF NUCLEAR POLICY.

BRITISH GOVERNMENT SOURCES SAID THAT ALL SEVEN LEADERS TOOK BROADLY THE SAME ATTITUDE AND SAID THEY WOULD ACCEPT THEIR COLLEAGUES' VARIOUS MEANS OF EXPRESSING THAT ATTITUDE. IN OTHER WORDS, THE SOURCES SAID, THERE WAS NO INTENTION OF CRITICIZING MR. CARTER'S POSITION, WHICH HAS CAUSED CON-  
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TROVERSY BETWEEN WASHINGTON AND MOSCOW, ALTHOUGH SOME NATIONS, INCLUDING BRITAIN, WILL CONTINUE TO WORK MORE IN PRIVATE THAN IN PUBLIC FOR HUMAN RIGHTS IN EASTERN EUROPE.

END TEXT:

3. FRONT PAGE RIGHT WASHINGTON POST ARTICLE BY HOBART ROWEN IS HEADLINED "CARTER BACKS OFF ON BID TO SPUR WESTERN GROWTH" AND LEADS OFF "PRESIDENT CARTER HAS BACKED AWAY FROM HIS EFFORTS TO PERSUADE WEST GERMANY AND JAPAN TO EXPAND THEIR ECONOMIES FASTER. SETTLING INSTEAD FOR A LESS AMBITIOUS "COMMITMENT" TO TAKE WHATEVER STEPS ARE NECESSARY TO ACHIEVE PREVIOUSLY ANNOUNCED GROWTH TARGETS." ARTICLE OTHERWISE SIMILAR TO APPLE BUT WITH LONGER QUOTES FROM BLUMENTHAL BRIEFING. CHRISTOPHER

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